

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7016**

**BILL NUMBER:** HB 1616

**NOTE PREPARED:** Feb 9, 2015

**BILL AMENDED:** Jan 29, 2015

**SUBJECT:** Eligibility for Child Care Voucher.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **X FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that beginning October 1, 2015, a child who is otherwise eligible for participation in the federal Child Care and Development Fund (CCDF) voucher program may continue to participate unless the child's family income exceeds the greater of 250% of the federal income poverty level or 85% of the state median income for the same size family.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** (Revised) *Summary:* FSSA reports that expanding CCDF eligibility to families with incomes up to 250% of the federal poverty level (FPL) or 85% of the state median income (SMI) could increase the number of families on the CCDF waiting list.

(Revised) *Additional Information:*

*Child Care Costs:* This bill changes the current maximum family income limit for continued participation in the CCDF program from 170% of FPL to the greater of (1) 85% of SMI or (2) 250% of FPL. The following table shows family income amounts for CCDF participation based on FPL and SMI.

<b>Family Size</b>	<b>Current Maximum Family Income (170% FPL)</b>	<b>Proposed Maximum Family Income (250% FPL)</b>	<b>Proposed Maximum Family Income (85% SMI)</b>
2	\$26,736	\$39,325	\$40,751
3	\$33,648	\$49,475	\$50,340
4	\$40,548	\$59,625	\$59,928
5	\$47,448	\$69,774	\$69,517
6	\$54,348	\$79,925	\$79,105
7	\$61,248	\$90,075	\$80,908

For families with four or fewer household members, the SMI income standard would be used for CCDF participation, whereas for families with five or more household members, the new FPL income standard will be used. Based on information obtained from the FSSA, most CCDF-participating families (95%) have a total family size at or less than four household members. Approximately 5% of CCDF families have five or more household members. By increasing the income eligibility to the greater of 250% FPL or 85% SMI, the bill would effectively increase the maximum family income for participation from 170% FPL to between 251% FPL to 267% FPL, depending on family size.

The CCDF program currently has cost-participation requirements for participating families. Families with incomes less than 100% of FPL do not have any cost-participation requirements under the program. Families with incomes greater than 100% of FPL pay a percent of their child care costs depending on actual income level and years of program participation. The cost-participation requirements in the first four years of program participation are included in the table below.

	<b>Cost Participation</b>			
<b>FPL</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<100%	0%	0%	0%	0%
101-109%	5%	6%	7%	8%
110-118%	6%	7%	8%	9%
119-140%	7%	8%	9%	10%
141-150%	8%	9%	10%	11%
151-160%	9%	10%	11%	12%
161-170%	10%	11%	12%	13%

The average annual cost of CCDF-funded child care for FFY 2014 was approximately \$5,000 (including parent cost participation). The CCDF program paid an average of 94.8% of the child care costs of CCDF-participating children, or approximately \$4,740 per child per year.

The DFR reports between FY 2010 and FY 2014, an average of 329 families were annually disqualified from CCDF participation for having incomes greater than 170% of FPL. Based on this data, beginning in FY 2016, 329 fewer families per year could be disqualified from CCDF participation.

Because the CCDF program operates from a capped federal block grant, when a participating family's income exceeds the maximum participation income (170% FPL), a family on the CCDF waiting list receives a child care voucher. If this bill decreases the number of families that are disqualified from CCDF participation annually, the bill could effectively limit how many families on the CCDF waiting list replace these disqualified families within the capped federal block grant program funds. The total impact of the bill would be limited by the decisions of DFR administrators.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DFR.

**Local Agencies Affected:**

**Information Sources:** Melanie Brizzi, DFR; U.S. Census Bureau, U.S. Department of Health and Human Services.

**Fiscal Analyst:** Bill Brumbach, 232-9559.